

Message Text

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ACTION TRSE-00

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P 200415Z AUG 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 9188

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USADB

FOR NAC AGENCIES

PASS TREASURY FOR ZINMAN

E O 11652: ADS, DECLAS 8/20/77

TAGS: EAID, EFIN

SUBJ: GENERAL REVIEW - SALARIES AND BENEFITS

SUMMARY: ADB MANAGEMENT PROPOSES ACROSS-THE-BOARD SALARY INCREASES, TO BE EFFECTIVE AS OF JUNE 1, 1976, OF 5.5 PERCENT FOR PROFESSIONAL STAFF AND 7 PERCENT FOR SUPPORTING STAFF. PROPOSED CHANGES IN STAFF BENEFITS, TO BE EFFECTIVE AS OF AUGUST 1, 1976, RELATE TO EDUCATION GRANTS, AGE LIMITS FOR DEPENDENCY ALLOWANCES AND ANNUAL LEAVE. ALSO PROPOSED IS INSTITUTION OF A DEATH BENEFIT. END SUMMARY.

1. ADB DOC.EX/R1-76 ON ABOVE SUBJECT POUCHED NAC AGENCIES AUGUST 19 AND WILL BE CONSIDERED BY BOARD OF DIRECTORS ON SEPTEMBER 9. NAC GUIDANCE IS REQUESTED.

2. BANK MANAGEMENT PROPOSES FOLLOWING SALARY RECOMMENDATIONS:
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(A) FOR SUPPORTING STAFF, GENERAL SALARY INCREASE OF 7 PERCENT ACROSS-THE-BOARD, COMPARED WITH LAST YEAR'S ACROSS-THE-BOARD INCREASE OF 10 PERCENT; AND

(B) FOR PROFESSIONAL STAFF, 5.5 PERCENT ACROSS-THE-BOARD GENERAL SALARY INCREASE, COMPARED WITH LAST YEAR'S AVERAGE GENERAL SALARY INCREASE OF APPROXIMATELY 8 PERCENT, GRADUATED FROM 9 PERCENT FOR SALARIES UP TO \$24,000 TO 5.5 PERCENT FOR SALARIES EXCEEDING \$36,000.

3. JUSTIFICATION GIVEN FOR SUPPORTING STAFF SALARY INCREASE IS COST-OF-LIVING INCREASE AND UPWARD MOVEMENTS OF SALARIES IN MANILA MARKET. DOCUMENT INDICATES THAT BANK'S PROFESSIONAL STAFF SALARIES HAVE BEEN ERODED, BOTH LOCALLY AND ABROAD, BY INCREASED LIVING COSTS IN MANILA IN EXCESS OF MANILA CONSUMER PRICE INDEX OF 6.7 PERCENT AND BY INTERNATIONAL PRICE MOVEMENTS. IT ALSO NOTES THAT AVERAGE SALARY OF PROFESSIONAL BANK STAFF IS NOW BEHIND AVERAGE SALARIES OF PROFESSIONAL STAFF IN OTHER IFIS BY UP TO 8.4 PERCENT, WHICH MAY ADVERSELY AFFECT STAFF RECRUITMENT AND RETENTION EFFORTS UNLESS GAP IS NARROWED.

4. SINCE 1974 SALARY REVIEW, ADB SALARY INCREASES HAVE BEEN EFFECTIVE AS OF AUGUST 1, AT WHICH TIME THERE WAS THREE MONTH LAG IN COMPARABLE ADB SALARY POSITION VIS-A-VIS IBRD. HOWEVER, IN CASE OF PROFESSIONAL STAFF, SINCE 1975 IBRD HAS BEEN GRANTING GENERAL SALARY INCREASES RETROACTIVE TO MARCH 1 INSTEAD OF MAY 1 SO THAT PRESENT TIME LAG IS ABOUT FIVE MONTHS. ALSO, GENERAL ADB SALARY REVIEWS ARE BASED MAINLY ON DATA AVAILABLE AS OF MAY OF EACH YEAR. THEREFORE, BANK MANAGEMENT PROPOSES GRANTING OF GENERAL SALARY INCREASE EFFECTIVE JUNE 1, 1976.

5. PROPOSED SALARY STRUCTURE FOR PROFESSIONAL STAFF, ASSUMING 5.5 PERCENT INCREASE, HAS BEEN DEVELOPED ON BASIS THAT SALARIES OF STAFF IN RANGES VI (DEPUTY DIRECTOR OR EQUIVALENT) AND VII (DEPARTMENT DIRECTOR OR EQUIVALENT) CANNOT EXCEED \$38,500 AT THIS TIME (I.E., SALARY OF EXECUTIVE DIRECTORS). SO, CEILINGS LIMITED OFFICIAL USE

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OF RANGES VI AND VII HAVE BEEN ESTABLISHED AT \$38,000 AND \$38,500, RESPECTIVELY, UNTIL SUCH TIME THAT REMUNERATION OF BOARD MEMBERS MAY BE REVISED.

6. EDUCATION GRANTS ARE PROPOSED TO BE REVISED AS FOLLOWS:

(A) IN VIEW VERY SHARP INCREASES IN TUTORSHIP AND

BOARDING COSTS FOR CHILDREN BEING EDUCATED OUTSIDE DUTY STATION, MAXIMUM EDUCATION GRANT WOULD BE RAISED FROM CURRENT \$1,500 TO \$2,500 PER ANNUM, WHICH IS AMOUNT IBRD WILL GRANT EFFECTIVE SEPTEMBER 1.

(B) IN ORDER TO MAKE PROVISION IN EDUCATION PROGRAM FOR PAYMENT OF COSTS OF INITIALLY MOVING ELIGIBLE CHILD FROM DUTY STATION WHEN HE FIRST BEGINS STUDY ABROAD, PERTINENT TRAVEL GRANTS WOULD BE INCREASED FROM (I) ONE

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ROUND TRIP PER YEAR FOR FIRST TWO YEARS AND ONE OUND TRIP EVERY TWO YEARS THERAFTER TO (II) ONE ROUND TRIP PER YEAR. GRANT MAY BE USED, WHERE NECESSARY, TO COVER COST OF INITIAL MOVEMENT OF CHILD FROM DUTY STATION TO SCHOOL (INCLUDING, FOR THAT TRIP ONLY, ADDITIONAL SHIP-MENT OF PERSONAL EFFECTS, BOOKS AND STUDY MATERIALS, ETC. UP TO LIMIT OF 60 KG. AIR CARGO OR 115 KG. SEA FREIGHT). AMOUNT OF TRAVEL GRANT WOULD CONTINUE TO BE LIMITED TO EQUIVALENT OF COST OF TRAVEL BETWEEN STAFF MEMBER'S HOME COUNTRY AND DUTY STATION.

7. UPPER AGE LIMIT FOR CHILDREN OF ELIGIBLE STAFF MEMBERS TO QUALIFY AS DEPENDENTS, PROVIDED THEY ARE IN FULL-TIME ATTENDANCE AT SCHOOL, UNIVERSITY OR SIMILAR

EDUCATIONAL INSTITUTIONS, IS PRESENTLY 22 YEARS OF AGE FOR (A) DEPENDENCY ALLOWANCE FOR CHILDREN OF FILIPINO SUPPORTING STAFF AND (B) APPOINTMENT AND REPATRIATION TRAVEL FOR CHILDREN OF ALL FOREIGN STAFF, AND 23 YEARS OF AGE FOR (A) DEPENDENCY ALLOWANCE AND HOME LEAVE TRAVEL FOR CHILDREN OF ALL FOREIGN STAFF AND (B) EDUCATION GRANTS FOR CHILDREN OF PROFESSIONAL STAFF. PROPOSAL IS TO INCREASE UPPER AGE LIMIT FOR ALL SUCH BENEFITS TO 24 YEARS IN INTEREST OF CONSISTENCY AND TO ASSIST FILIPINO SUPPORTING LIMITED OFFICIAL USE

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STAFF MEMBER WHOSE CHILD HAS YET TO OBTAIN FULL-TIME EMPLOYMENT (PROVIDED THAT DEPENDENT REMAINS FULL-TIME STUDENT).

8. SINCE INCEPTION, ANNUAL LEAVE ENTITLEMENT FOR BANK STAFF HAS REMAINED AT 20 WORKING DAYS FOR EACH OF FIRST TWO YEARS OF SERVICE AND 24 WORKING DAYS FOR EACH YEAR THEREAFTER. (BANK ALSO PROVIDES TWO DAYS OF CASUAL LEAVE PER YEAR.) TO RECOGNIZE LONG SERVICE (AND APPARENTLY TO BRING IT MORE IN LINE WITH IBRD AND IMF), BANK MANAGEMENT PROPOSES TO INCREASE LEAVE ENTITLEMENT AS FOLLOWS TO: (A) 22 DAYS FOR STAFF MEMBERS WITH LESS THAN TWO YEARS SERVICE, (B) 26 DAYS FOR STAFF MEMBERS WITH FIVE BUT LESS THAN TEN YEARS SERVICE AND (C) 28 DAYS FOR STAFF MEMBERS WITH TEN OR MORE YEARS SERVICE. THERE WOULD BE NO CHANGE FOR STAFF MEMBERS WITH TWO BUT LESS THAN FIVE YEARS SERVICE.

9. BANK MANAGEMENT ALSO PROPOSES THAT, ON DEATH OF STAFF MEMBER, LUMP SUM PAYMENT BE MADE IMMEDIATELY TO SPOUSE OR OTHER PREVIOUSLY-DESIGNATED BENEFICIARY EQUIVALENT TO THREE MONTHS SALARY OF STAFF MEMBER, SUBJECT TO: (A) MAXIMUM OF \$5,000 IN CASE OF STAFF MEMBER WITH ONE OR MORE DEPENDENTS RESIDING IN HOUSEHOLD AT TIME OF DEATH, OR (B) MAXIMUM OF \$2,500 IN ALL OTHER CASES.

10. EFFECTIVE DATE OF IMPLEMENTATION RECOMMENDED FOR ABOVE CHANGES IN STAFF BENEFITS IS AUGUST 1, 1976.

11. ESTIMATED BUDGETARY IMPACT OF PROPOSED INCREASES IN SALARIES AND CHANGES IN BENEFITS IS \$382,040 FOR 1976 AND \$686,860 FOR A FULL YEAR. IT IS EXPECTED THAT ADDITIONAL COSTS ESTIMATED FOR 1976 MIGHT BE MET FROM EXISTING BUDGETARY PROVISIONS, BUT, IF NECESSARY, ADDITIONAL PROVISIONS WOULD BE SOUGHT IN SUPPLEMENTARY BUDGET TO BE SUBMITTED AT LATER DATE.

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